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AZ CORP COMMISSION
DOCUMENT CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF H2O, INC., FOR AN EXTENSION
OF ITS EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY

Docket No: W -02234A-00-0371

IN THE MATTER OF THE APPLICATION
OF JOHNSON UTILITIES, L.L.C. DBA
JOHNSON UTILITIES COMPANY FOR AN
EXTENSION FOR ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
PROVIDE WATER AND WASTEWATER
SERVICE TO THE PUBLIC IN THE
DESCRIBED AREA IN PINAL COUNTY,
ARIZONA

Docket No: WS-02987A-99-0583

**PREFILED REBUTTAL TESTIMONY
OF BRIAN P. TOMPSETT**

1 **Q. Please state your name for the record.**

2 **A.** Brian P. Tompsett.

3 **Q. Please describe your employment and educational history.**

4 **A.** I am Vice President and Director of Operations of the WLB Group, Phoenix office.

5 I have a college degree in civil engineering and over 15 years experience in

6 engineering and construction of utility facilities. I am licensed as a registered civil

7 engineer with the Arizona Board of Technical Registration, registration No. 27077.

8 My qualifications and experience are more fully set forth in an Exhibit 1.

9 **Q. Are you familiar with the applicant in this matter, Johnson Utilities Company?**

10 **A.** Yes. I have served as the primary engineering consultant and advisor to Johnson

11 Utilities on its Johnson Ranch Project, Magic Ranch Project and Mystic Ranch

12 developments as well as its planning for the expansion of its certificated area,

13 including the construction of additional water and wastewater facilities. I have

14 been involved in this capacity with Johnson Utilities for approximately 4 years. In

15 that role, I have had day-to-day responsibility and involvement in the design for the

16 utility company, planning for future expansion, meeting with property owners and

17 developers in the expanded area, setting budgets for the proposed facilities,

18 preparing materials filed with the Corporation Commission in this proceeding, as

19 well as with Pinal County and other State agencies, such as the Arizona Department

20 of Environmental Quality.

1 Q. Are you familiar with the Johnson Utilities application, as amended in this
2 proceeding.

3 A. Yes. I am familiar with the application and was primarily responsible for many of
4 the attachments and supporting materials filed with the application.
5

6 Q. What documents have you reviewed in this proceeding?

7 A. I have reviewed the staff report, the H2O, Diversified and Queen Creek
8 applications and materials provided by H2O in response to data requests.
9

10 Q. Do you have any concerns about the staff report?

11 A. Yes.

12 Q. Can you summarize those concerns?

13 A. I have the following concerns about the staff report.
14

15 1. The staff report fails to discuss Johnson Utilities' ongoing construction
16 plans in any detail, particularly specific projects that Johnson Utilities anticipates
17 undertaking in the next 12 to 36 months, even though the staff report details similar
18 H2O planned projects. For instance, the description of Johnson Utilities' water
19 system fails to mention the two additional wells that are in the process of being
20 brought on line.
21

22 2. The staff report does not state that the Pinal County franchise has already
23 been granted.
24

25 3. The staff report fails to mention numerous problems with H2O's existing
26 water systems, including the inclusion of an inadequate well, both in terms of

1 turbidity and nitrate levels, the existence of small distribution pipes that cannot be
2 used to provide service to the contiguous areas, and the lack of a redundant power
3 system.

4
5 4. The staff report fails to discuss the impact on the property owners of
6 Johnson Utilities' Designation of Assured Water Supply and H2O's lack of such
7 designation.

8
9 5. The staff report fails to mention the benefit to property owners of a
10 combined water and wastewater system versus the H2O alternative in which the
11 property owners are left to their own devices for wastewater. Such individual
12 approaches create substantial risk to groundwater pollution of nitrates.

13
14 6. The staff's concern about the Southern Pacific Railroad is overstated.
15 Johnson Utilities has already constructed links in other areas that run under railroad
16 tracks and the total cost to do so in this case would be in the \$40,000 to \$60,000
17 range, a small fraction of the total investment Johnson Utilities is prepared and able
18 to make for this project.

19
20 7. The staff report contains no discussion of property owner preferences for
21 Johnson Utilities over H2O.

22
23 8. There is no discussion of the relative financial capability and plans for
24 financing the construction by the companies.

25 **Q. Will you describe in more detail your concerns with the staff reports**
26 **description of Johnson's water systems?**

1 A. The description of the Johnson Ranch water system does not mention two
2 additional wells that have been approved for construction and that have been
3 constructed. Each well has a 600 gpm capacity. The addition of these wells will
4 almost triple the capacity described in the staff's report. Attached as Exhibit 2 are
5 the authorities to construct for each of those wells and the approval of construction
6 for one of those wells. In addition, Johnson Utilities filed with the staff and with its
7 application, a construction schedule. Pursuant to that schedule, Johnson will build
8 \$2,875,000 worth of water facilities in 2001 which will increase Johnson Utilities'
9 storage capacity by 2.5 million gallons. These projects include storage tanks,
10 pumps, wells and distribution lines.
11

12
13 Q. Can you provide more detail on your concerns about the staff's description of
14 H2O's existing water system?
15

16 A. First of all, the staff states that H2O's system consists of two wells with a combined
17 capacity of 1,730 gpm, but H2O's second well is not fully usable. H2O stated in
18 both its certificate application and its WIFA financing application that this well
19 could not be used for drinking water. It pumps sand which makes it unsuitable for
20 auto control and produces high levels of nitrates. As a result, the staff report
21 overestimates H2O's existing capacity. Thus, the staff's conclusion that H2O has
22 adequate well production to serve up to 1300 customers appears to be overstated.
23 Second, the staff concludes that H2O is in a better position to serve because its
24 existing facilities are contiguous to the contested areas. However, H2O's only
25
26

1 existing facilities in the vicinity of the contested areas are small (6 inch) waterlines
2 for specific developments. From an engineering and customer service perspective,
3 these existing lines cannot be used to provide domestic demand or fire demand
4 service to the contested areas. Instead, H2O will have to build several miles of 12
5 inch water distribution lines to replace or supplement existing lines to serve the
6 contested areas, not to mention other off-site facilities like pumps and storage tanks.
7 In addition, H2O has no facilities within its existing certificated area that is
8 contested (*i.e.*, the Johnson Farms, Combs School and northern portion of Pecan
9 Ranch properties.) Attached as Exhibit 3 are H2O materials identifying the bad
10 well and the small water lines.

13 Third, the staff indicates that with storage capacity of 200,000 gallons and fire flow
14 protection, H2O could adequately serve 1,300 customers. To the contrary, these
15 customers cannot be served, especially with fire flow protection, without a back-up
16 power source. It is my understanding that H2O does not have a back-up power
17 source.
18

19 As a result, I respectfully disagree with the staff's conclusion that the proximity of
20 H2O's existing facilities provides some rationale for favoring H2O over Johnson
21 Utilities. Either company will have to construct substantial new facilities to serve
22 the contested areas. The staff's statement on page 5 of its report that "the existing
23 water distribution system is built up to the contested areas" is misleading. While
24 small water lines are in the vicinity of some of the contested areas, H2O's existing
25
26

1 facilities are essentially useless for domestic or fire service to the contested area
2 and new facilities will be required.

3 **Q. Do you have any other concerns with the staff's conclusions?**

4 **A.** The staff concludes that "since the area being requested by the company is
5 contiguous to the existing CC&N, the company can adequately serve the area that it
6 is requesting." That conclusion fails to take into account H2O's financial situation,
7 its limited current water production capacity, H2O's inability to provide wastewater
8 service, H2O's lack of an assured water designation and property owner
9 preferences for Johnson Utilities.
10

11 **Q. Can you describe why it is a benefit for the public for Johnson Utilities to build**
12 **both the water and the wastewater system, as opposed to H2O or any other**
13 **utility just providing water service?**
14

15 **A.** Property owners without a wastewater treatment provider will be responsible for
16 building and maintaining their own wastewater system. Such individual facilities
17 pose a greater risk of nitrate pollution to the aquifer and are not preferred by either
18 Pinal County or ADEQ.
19
20

21 **Q. How are wastewater treatment plants and water plants combined or related?**

22 **A.** Design and construction of both systems is more efficient if done simultaneously by
23 one provider.
24
25
26

1 **Q. Can you comment on the staff's conclusion that the railroad boundary is**
2 **expensive to cross and therefore is a reason to select H2O over Johnson**
3 **Utilities?**

4
5 **A.** It is relatively common in constructing utility systems, including water systems, to
6 bore or tunnel beneath an existing structure or fixture. In fact, Johnson Utilities has
7 already done so several times in its existing system under the same railroad, at a
8 cost of approximately \$40,000 to \$60,000. This represents a relatively small
9 portion of the total investment Johnson Utilities will and is able to make to build
10 the facilities necessary to serve this area. In addition, H2O will have to construct
11 its facilities across the Queen Creek Wash numerous times, which will be at least as
12 difficult and expensive as a railroad crossing. As a result, the railroad separation
13 should be a non-factor in the Commission's deciding between H2O and Johnson
14 Utilities competing applications.
15

16
17 **Q. How much will it cost for Johnson Utilities to build the water system necessary**
18 **to serve the contested area?**

19
20 **A.** Based on the construction schedule previously filed in this proceeding, the
21 estimated cost will be \$5,250,000.

22 **Q. When is the system serving the contested area to be constructed?**

23 **A.** Johnson Utilities plans to begin construction of the facilities for the contested area
24 in the first quarter of 2001.
25
26

1 **Q. How do the costs of building Johnson Utilities facilities to serve this system**
2 **compare to H2O's costs?**

3 **A.** The costs are comparable – both companies will have to drill wells and build
4 storage and distribution systems over a number of miles. H2O's current,
5 inadequate facilities, though somewhat closer than the existing Johnson Utilities
6 facilities, are not a significant factor in this comparison.
7

8 **Q. What is the significance of the Designation of Assured Water Supply?**
9

10 **A.** The Designation of Assured Water Supply allows property owners in the contested
11 area to more expeditiously receive the necessary regulatory approvals for their
12 projects because they are the beneficiaries of this designation. In a sense, a portion
13 of the designation is assigned to them. This is in contrast to H2O's situation where
14 property owners will have to go through a lengthy and expensive process to get a
15 certificate of an assured water supply requiring hydrology studies and various
16 regulatory reviews that have already been completed in the case of Johnson
17 Utilities.
18

19 **Q. Do you have any other concerns about the staff report?**
20

21 **A.** Yes. The staff report fails to take into account the property owner preferences.
22 Attached as Exhibit 4 are letters from some of the major property owners in this
23 area expressing their preference for Johnson Utilities over H2O.
24

25 **Q. Have you reviewed Diversified Water Utilities, Inc. ("Diversified") motion in**
26 **opposition to Johnson Utilities applications?**

1 A. Yes.

2 Q. Do you have any comments on Diversified's application?

3 A. Yes, I have the following comments:

- 4 1. Diversified would need to make substantial investments and build substantial
- 5 facilities to serve the area covered in its application. Despite the location of its
- 6 certificated area, the investments made by Diversified to serve the contested areas
- 7 would be approximately the same as the investments required by Johnson Utilities.
- 8
- 9 2. Diversified does not provide wastewater service and so, for the reasons outlined
- 10 above, it would be a disadvantage for landowners for Diversified to be approved
- 11 over Johnson Utilities who can provide both water and wastewater service.
- 12
- 13 3. Landowners within the contested area sought by Diversified have requested service
- 14 from Johnson Utilities, not Diversified.
- 15
- 16 4. It is my understanding that Diversified does not have a Designation of Assured
- 17 Water Supply. As a result, for the reasons set forth above, it would be an inferior
- 18 choice to Johnson Utilities.
- 19

20 Q. Have you reviewed paragraph 9 of the Diversified opposition in which it

21 references certain natural and institutional barriers to Johnson Utilities?

22 A. Yes. Diversified's comments are inaccurate. Geographic features can be spanned

23 and Johnson Utilities has done so in the past. That factor has already been

24 incorporated into Johnson Utilities' construction schedule and budget filed with the

25 Commission. Second, state lands are not a barrier because the State Land

26

1 Department provides rights of way for utility construction. Third, the fact that
2 Johnson Utilities' certificated area is included in both the Phoenix and Pinal Active
3 Management Areas is not a handicap and is easily managed by Johnson Utilities.
4

5 **Q. Have you reviewed paragraph 12 where Diversified expresses concern with**
6 **uneconomical plant.**

7 **A.** Yes. Since Diversified would also have to build a similar plant in the area, there is
8 no cost benefit to Diversified being the provider versus Johnson Utilities. In fact,
9 due to Johnson Utilities' strong financial position and the scale of Johnson Utilities
10 infrastructure improvements, I anticipate that there will be economics of scale for
11 Johnson Utilities that Diversified cannot achieve.
12

13 **Q. Does this conclude your testimony?**
14

15 **A.** Yes.
16
17
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VERIFICATION

STATE OF ARIZONA

County of Maricopa

ss:

Brian P. Tompsett, of lawful age being first duly sworn, deposes and states:

1. My name is Brian P. Tompsett. I am the Vice President and Director of Operations of the WLB Group, Phoenix, office.

2. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

DATED this 9th day of OCTOBER, 2000.

By

Brian P. Tompsett

SUBSCRIBED AND SWORN TO before me this 9th day of October, 2000.

Susan J. Durkee

Notary Public

My commission expires:

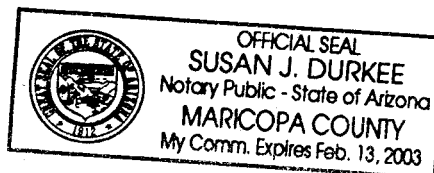


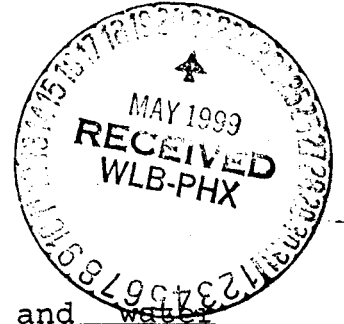
Exhibit
1

7. Brief Resume of Key persons, Specialists, and Individual Consultants Anticipated for the Project.

<p>a. Name & Title:</p> <p>BRIAN P. TOMPSETT, P.E., VICE PRESIDENT</p>	<p>Mr. Tompsett's experience has given him an excellent idea of processing needs, coordination, graphic quality, scheduling and general requirements of governmental contracts.</p>
<p>b. Project Assignment:</p> <p>PRINCIPAL IN CHARGE</p>	<p>SAN MICHELLE APARTMENTS - Las Vegas, Nevada. Developed the site plan and geometric coordination of 225 apartment units within the City of Las Vegas, Nevada. The design included installation of domestic water and fire improvements, sanitary sewer improvements, paving, storm drainage analysis and intersection evaluation. Additional services included coordination of improvements with the appropriate agencies, construction details and the supervision of construction control staking.</p>
<p>c. Name of Firm with which associated:</p> <p>THE WLB GROUP, INC.</p>	<p>CLARK COUNTY FIRE STATION #11 - Las Vegas, Nevada. Responsible for site grading, hydrology evaluation, utility design and offsite coordination. Additional services included emergency traffic signal design and coordination between Clark County Traffic Division and Nevada Department of Transportation.</p>
<p>d. Years experience: With this Firm <u>4</u> With Other Firm <u>11.5</u></p>	<p>SOUTHERN NEVADA WOMEN'S CORRECTIONAL FACILITY - North Las Vegas, Nevada. Developed the site plan and geometric coordination for a 44-acre women's correctional facility. The design included installation of domestic water and fire improvements, sanitary sewer improvements, paving and storm drainage analysis that included a 20-acre detention facility.</p>
<p>e. Education: Degree(s)/Year/Specialization:</p> <p>B.S., Bradley University, Peoria, Illinois, 1984, Civil Engineering)</p>	<p>TRIPLE OAKS SUBDIVISION, Illinois. Provided master plan and design for a 300-acre single-family residential subdivision. Responsibilities included preparation on offsite and onsite infrastructure construction documents, tentative subdivision mapping, improvement plans and drainage studies that included an area recreational lake and detention.</p>
<p>f. Active Registration: Year First Registered/Discipline:</p> <p>Civil Engineer - Arizona #27007, 1993 Civil Engineer - Nevada #09521, 1991</p>	<p>ONE SCHAUMBURG PLACE - Schaumburg, Illinois. Master plan and design of a 30-acre regional mall and office towers. Responsibilities included preparation of offsite and onsite infrastructure construction documents, improvement plans and drainage studies that included an area recreational lake and detention facility.</p>
<p>g. Other Experience and Qualifications Relevant to the Proposed Project:</p> <p>Mr. Tompsett is the current Phoenix office manager. Throughout his career, Mr. Tompsett has continued to maintain his working knowledge of hydrology/hydraulic programs. Mr. Tompsett has over 14 years experience practicing civil engineering in Arizona, Nevada, Colorado, and Illinois. His extensive experience includes master planning of residential subdivisions, hydrologic analysis, hydraulic analysis, and utility design. Mr. Tompsett has also designed numerous regional commercial centers in Illinois and California.</p>	<p>LINCOLNWOOD TOWN CENTER - Lincolnwood, Illinois. Master plan and design of an 80-acre regional mall and industrial complex. Responsibilities included preparation of offsite and onsite infrastructure construction documents, improvement plans and drainage studies that included a 50 foot diameter combination sewer and trunk line.</p>
<p>JOHNSON RANCH - Pinal County, Arizona. This 2,100 acre master planned community located near Florence in Pinal County is currently underway. Mr. Tompsett is responsible for the implementation and overseeing of all planning and platting services including scheduling and coordination with local agencies, water and sewer system design, grading and paving design, hydrologic/hydraulic design and analysis, and survey services.</p>	<p>PARK 2000 - Las Vegas, Nevada. Developed the site plan and geometric coordination for additional expansion of commercial office space. The design included installation of domestic water and fire improvements, sanitary sewer improvements, paving and storm drainage analysis.</p>

Exhibit
2

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
Water Quality Division
3033 N. Central Ave., Phoenix, AZ 85012



APPROVAL OF CONSTRUCTION

Project Description One new well (DWR #55-558445) and water
transmission main for Johnson Ranch water system facility, Phase I,
consisting of approx. 1,165 LF of 8" PVC and 5,300 LF of 12"
transmission main. ADEQ File #980006

Location Hunt Highway, S. of intersection (County) Pinal
with Bella Vista Rd.

Project Owner Johnson Utilities Co.
5320 E. Shea Blvd.
Scottsdale, AZ 85254

This Approval of Construction is based upon the May 12, 1999 Engineer's Certificate of Completion and accompanying test results submitted by engineer Brian P. Tompsett, P.E. (Certificate No. 27077).

Approval to operate the above described facilities as represented in the approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:

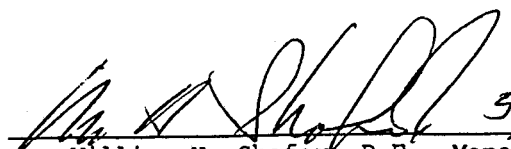
1. This approval is only for the use of well #4. Before an approval can be given for wells 3 and 5, data must be provided to show that the nitrate levels for those wells are less than 10 mg/l.
2. Nitrate monitoring shall be conducted from the well monthly for at least one year. If none of the results exceed 10 mg/l, then sampling may be reduced to quarterly.

Arizona Revised Statutes require that the operation of the project must be in accordance with the rules of the Arizona Department of Environmental Quality.

WHS:JHB

System Number not yet assigned

cc: CTEU Facility File, (not yet assigned)
TEU Approval of Construction File
ADEQ TEU File #980006
Pinal County Health Department
Planning & Zoning (Pinal County)
Arizona Corporation Commission
Engineer

 5/18/99
William H. Shafer, P.E., Manager

FIELD ENGINEERING/INSPECTION UNIT
WATER QUALITY DIVISION - DRINKING WATER SECTION

JU 00619

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES

PAGE 1 of 2

SYSTEM NAME: JOHNSON RANCH WSF-PHASE 1	SYSTEM NO.: NEW
PROJECT OWNER: JOHNSON UTILITIES	
ADDRESS: 5320 E. SHEA, SCOTTSDALE, AZ 85254	
PROJECT LOCATION: FLORENCE	COUNTY: PINAL

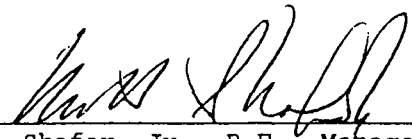
DESCRIPTION: THREE NEW WELLS AND WATER TRANSMISSION LINE FOR JOHNSON RANCH WATER SYSTEM FACILITY-PHASE 1. CONSTRUCT APPROXIMATELY 1,400 L.F. OF 8" PVC WATERLINE, 5,000 OF 12" PVC WATERLINE, WELL #3 (#55-627105), WELL #4 (#55-558445), WELL #5 (#55-559).

Approval to Construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 thru 5 continued on Page 1 thru 2.

1. Notice shall be given to the Southern Regional Office located in Tucson when construction of the project begins to allow for inspection during construction per A.R.S. Section 49-104.B.10.
2. The project owner shall retain a professional engineer as soon as possible to provide detailed construction inspections of this project. Upon completion of construction, the engineer shall fill out the Engineers Certificate of Completion (attached), and forward it to the Regional Office. If all requirements have been completed the Regional Office will issue a Certificate of Approval of Construction.
3. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department.

The State law, A.R.S. Section 49-104.B.10, requires that construction of the project must be in accordance with rules and regulations of the Arizona Department of Environmental Quality. This certificate will be void if construction has not started within one year of the approval date. Upon request a written time extension may be granted by the department.

Reviewed by: KNS:cae

By:  4/21/98
Wm. H. Shafer, Jr., P.E., Manager Approval Date
Technical Engineering Unit
Water Quality Division

cc: File No.: 980006
Regional Office: Southern
County Health Department: Pinal
Owner: Johnson Utilities
Engineer: Wlb Group
Planning and Zoning/Az Corp. Commission
Engineering Review Database

JU 00620

CERTIFICATE OF APPROVAL

Water Facilities

ADEQ File No. 980006

Page 2 of 2: Provisions Continued

4. Wells construction shall conform with DWR regulations.
5. This Approval to Construct does not include approval for the connection of the wells to the water system. Approval to connect the wells will not be given until the water treatment (ADEQ File No. 980115) has been approved by ADEQ.

Exhibit
3

Taken From:

EXHIBIT 7

to

H2O, Inc.

APPLICATION for an EXTENSION

of its

CC&N

Docket No. W-02234A-00-0371

ATTACHMENT "D"

WATER USE DATA SHEET

NAME OF COMPANY ----->		H2O, INC.	
ADEQ Public Water System No. ----->		11-060	
	MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS (No. of bills)	GALLONS SOLD (Thousands)
1	April-99	631	10,039
2	May-99	631	11,945
3	June-99	637	15,708
4	July-99	654	14,701
5	August-99	659	14,061
6	September-99	659	13,030
7	October-99	667	11,131
8	November-99	663	10,015
9	December-99	678	10,598
10	January-00	683	9,511
11	February-00	685	9,364
12	March-00	689	10,789
13	April-00	690	11,562
14			
15	TOTALS		152,454
	STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WILL I.D. NUMBER
1	200,000	1	55-605835
2	300,000*	1	55-605837 (1)
3	500,000**	1	55-605836 (2)
4			55-605834 (3)
5	* approved waiting for final bid to construct		
6	** waiting for ACC/WIFA Financing authorization & ADEQ approval to construct		
7	(1) used as emergency backup only-not suitable for regular use (sand condition at startup)		
8	(2) well is capped & held for future use (will require approval to convert to potable water uses)		
9	(3) waiting for DWR & ADEQ approval to convert from irrigation use to potable water use		
10			
11			
12			
13			
Other Water Sources in Gallons per Minute ----->			GPM 0
Fire Hydrants on System ----->			Yes X No
Total Water Pumped Last 13 Months (Gallons in Thousands) ----->			169,574

Taken From:

EXHIBIT 6

to

H2O, Inc.

APPLICATION for an EXTENSION

of its

CC&N

Docket No. W-02234A-00-0371

ANNUAL REPO. TO ARIZONA CORPORATION (COMMISSION L
UTILITIES DIVISION
1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007

ANNUAL REPORT MAILING LABEL - (PLEASE COMPLETE/CHANGE, IF NECESSARY)

W-02234A
H2O, INC.
P. O. BOX 40340
MESA AZ 85274

water>

FOR YEAR ENDING

12	31	99
----	----	----

REPORT DUE DATE, BY UTILITY TYPE, SHOWN IN BOX BELOW:

This Long Form is to be used by ALL Electric, Gas, and Telecommunications (except AOS, Cellular, CLEC*, COPT*, PCS*, or Telecommunication Reseller) utilities (DUE APRIL 1, 2000); by Water utilities with \$250,000 or more in water annual gross operating revenues (DUE APRIL 15, 2000); and by Sewer utilities with \$250,000 or more in sewer annual gross operating revenues (DUE APRIL 15, 2000).

UTILITY TYPE DESIGNATION: THIS ANNUAL REPORT PROVIDES INFORMATION ON THE FOLLOWING TYPE OF UTILITY - PLEASE CHECK ONLY ONE BOX:

☐ Investor Owned Electric

☐ Sewer (i.e. Wastewater)

☐ Rural Electric Cooperative

☐ Telecommunications - Incumbent
Local Exchange Carrier (ILEC)

☐ Natural Gas

☐ Telecommunications - Interexchange
Carrier (IXC)

☐ Propane Gas

☒ Water

☐ Irrigation only

☐ Other (Please Specify) _____

*AOS, CLEC, COPT, and PCS denote alternative operator service, competitive local exchange carrier service, customer-owned pay telephone service, and personal communications service, respectively.

EXHIBIT 6

WATER COMPANY PLANT DESCRIPTION

ADEQ System No.(s) 11-060

WELLS					
ADWR ID NO.	PUMP HORSEPOWER	PUMP YIELD (GPM)	CASING SIZE (INCHES)	WELL DEPTH (FEET)	METER SIZE (INCHES)
55- 605835	200	1085	20"/16"	600' /1200'	6"
55- 605837	200	650	16"/14"	800' /1000'	8"
55- 605834	N/A	N/A	16"	1200'	N/A
55- 605836	N/A	N/A	20"/16"	600' /1200'	N/A
55-					
55-					

OTHER WATER SOURCES		
NAME OR DESCRIPTION	CAPACITY (GPM)	GALLONS PURCHASED OR OBTAINED (THOUSANDS)
QUEEN CREEK WATER COMPANY		496

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (THOUS.) = 150,099

DECRIBE ANY NEW CONSTRUCTION, EXTENSION OF SYSTEM OR ACQUISITION MADE DURING REPORTING YEAR: CLOUD CREEK RANCH = 17 1-1/3 ACRE LOT SUBDIVISION; VINWOOD ESTATES PHASE 2 & 3 - 30 LOTS COMPLETE; GOLF VIEW PHASE 2 & 3 COMPLETE 50 LOTS; LINK ESTATES PHASE 2 - BEGAN 78 LOTS

BOOSTER PUMPS		STORAGE TANKS		PRESSURE TANKS	
HORSEPOWER	QUANTITY	CAPACITY	QUANTITY	CAPACITY	QUANTITY
15	4	200,000	1	5,000	1

TREATMENT EQUIPMENT (SEDIMENTATION, FILTRATION, DISINFECTION, ETC.):
1- CAPITOL CONTROL GAS INJECTOR CHLORINATOR

Taken From:

WIFA Project Finance Application
For Non-Governmental Organizations

Submitted by

H2O, Inc.

on July 20, 2000

WIFA Project Finance Application *for* Non-Governmental Organizations

Arizona's Drinking Water Revolving Fund

Water Infrastructure Finance Authority of Arizona

Arizona's Source for Water and Wastewater Financing

\\NTSVR\HOME\BOARD\OPPS\PROCEDURES\A\APPROVED\A_001_7.DOC

Today's Date: 05/23/2000



Section 2: Project Information

2.1 Explain the reason or need for the Project -- *Attach additional pages, if necessary:*

The only existing (200,000-gallon) reservoir and 5,000 gallon hydro tank are 28 years old and inadequate to serve the current demand. The reservoir weld seams are coming apart on the bottom 1/3rd of the tank and is in danger of bursting. All the lining inside the tank is virtually gone with no way to take this tank off-line and perform needed repairs without shutting the entire system down, rendering 2,000 population without water for several weeks. The hydro tank has numerous seeps and large wet rust build-ups indicating weakened wall structure placing this tank in danger of bursting without notice.

The (Well#1) source has reached its connection maximum capacity and the only Backup (Well #4) is of poor quality both in turbidity (the water is chocolate brown up to 2-hours after startup) and Nitrate levels testing above 10-MCL rendering it inadequate as a source and must be disconnected from the system as soon as possible.

2.2 Description of past and future project actions by Project Phase -- *Attach additional pages, if necessary:*

☐ Planning

☒ Design & Engineering

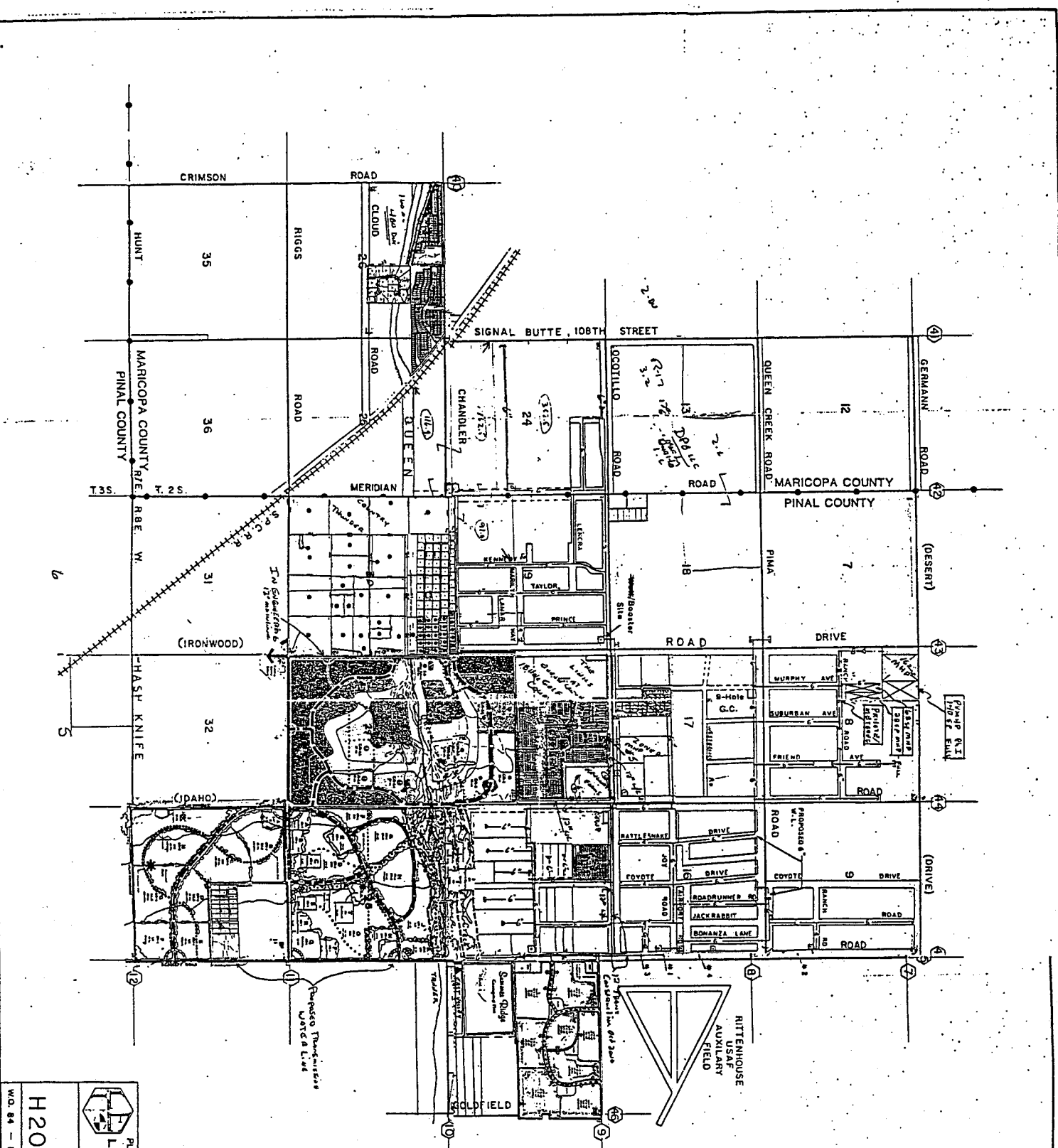
Bartholomew Engineering

☒ Legal/Debt Authorization

Arizona Corporation Commission Docket No. W-02234A-99-0679
Decision No. 62620

☐ Land/System Acquisition

Reduced Version of the
H2O, Inc. Key Map
Provided by H2O, Inc. to
Johnson Utilities' First Set of
Date Requests in
Docket Nos. W-02234A-00-0371
and
W-02987A-99-0583



KEY:
 #1 WELL MAIN STORAGE & PUMPING PLANT
 currently 200,000 gallons w/1,000 gpm
 ultimately 700,000 gallons w/2,000 gpm + fire flow
 #2 WELL HELD FOR FUTURE USE
 #3 WELL CURRENT BACKUP SOURCE
 #4 WELL TO BE MAIN SOURCE SUPPLY WHEN CONNECTED
 #5 STORAGE & PUMPING PLANT (under construction Oct 2001)
 ultimately 700,000 gallons w/1,000 gpm + fire flow
 no source well on-site

LEGEND
 —●— COUNTY LIMITS
 (LA PALMA) AKA STREET NAME
 ++++++ RAILROAD TRACKS
 (6) S.R.P. MILE POST
 [] WELL SITE
 ——— DIST. MAINS

REV 1-15-95 - H10 DLS
 REV 7-15-95 - H10 DLS
 REV 3-8-96 - H10 DLS
 REV 3-8-96 - H10 DLS
 REV 4-9-97 - H10 DLS
 REV 8-21-96 - H10 DLS

PLANNING — CIVIL ENGINEERING — SURVEYING
 LEMME ENGINEERING INC.
 2808 WEST BETHANY HOME ROAD
 PHOENIX, ARIZONA 85019
 PHONE (602) 571-0722 929-2345

H2O WATER COMPANY
 KEY MAP
 W.D. 84 - 183 DATE SEPT. 84 SHEET 1 OF 1

Exhibit
4

Letter to ACC

From

Harold Christ

Q.C. Pecan Ranch, LLC

Q.C. Pecan Ranch, L.L.C.

6140 S. Kings Ranch Road
Gold Canyon, AZ 85219

August 15, 2000

Chairman Carl Kunasek
ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
Phoenix, AZ 85007

RE: Johnson Utilities
Docket No. WS-02987A-99-0583

Dear Chairman Kunasek:

We are in the process of purchasing the Pecan Farms property in Pinal County. Our plans are to develop that property primarily with residential builders. To do so, we will need reliable quality water and sewer service. It is our understanding that Johnson Utilities and H2O are both seeking the right to serve our development. We strongly prefer that Johnson Utilities be awarded the right to serve us for the following reasons:

1. Johnson Utilities is much stronger financially and, therefore, we feel more secure that they will be a reliable provider of service in the future.
2. H2O does not provide sewer service whereas Johnson does provide sewer service. It is much more convenient for owners and developers to deal with one company for both water and sewer.
3. Johnson has been given an Assured Water Designation by the Arizona Department of Water Resources. Such designation makes the development of the property substantially easier, efficient and more certain because we can rely on this assured water designation.

We urge you to authorize Johnson Utilities to serve our development.

Very Truly Yours,



Harold Christ

:psw

c: Commissioner Irvin
Commissioner Mundell
Mark DiNunzio

Letter to ACC

From

Byron Handy

Vistoso Partners, LLC

On behalf of

Pantano Development Limited Partnership

Vistoso Partners, LLC
1121 W. Warner Road Suite #109
Tempe, AZ 85284
(602) 831-2000
Fax (602) 893-1604

August 31, 2000

Chairman Carl Kunasek
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

RE: Johnson Utilities Docket #WS-02987A-99-0583

Mr. Chairman:

I am writing on behalf of Pantano Development Limited Partnership, an Arizona Limited Partnership, to request that Johnson Utilities be able to expand their water and sewer service area to include Pantano's property.

Pantano's property includes 480 acres at the S.E.C. of Kenworthy and Combs road.

Pantano Development offers the following reasons for this service request.

- 1) Pantano would prefer to deal with one utility company that will be able to provide water and sewer facilities for the development.
- 2) Johnson Utilities has an Assured Water Supply Designation in place.
- 3) Johnson Utilities is well capitalized and has the ability to react to our water needs in a timely manner.

Thank you for your consideration of this request.

Sincerely,



Byron Handy
On behalf of,
Pantano Development Limited Partnership

cc: Commissioner Jim Irvin
Commissioner William Mundell
Mr. Mark DiNunzio

Letter to ACC

From

Mike Ingram

El Dorado Holdings, Inc.



El Dorado Holdings, Inc.

October 6, 2000

Chairman Carl Kunasek
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

**Re: Johnson Utilities
Docket No. WS-02987A-99-0583**

Dear Chairman Kunasek:

Currently, El Dorado Holdings, as managing member of Circle Cross Ranch, L.L.C., is in the process of developing approximately 1,100 acres of property located between Apache Junction and Florence in Pinal County, Arizona. Our plan is to develop that property primarily for residential use with some commercial uses. The realization of our goals requires that we have both reliable water and sewer providers.

It is our understanding that Johnson Utilities seeks the right to serve our development. We also understand that a company called H2O, Inc. also seeks to provide us with water, but not with sewer service. We strongly prefer that Johnson Utilities be awarded the right to serve our Circle Cross Ranch development for the following reasons:

1. The Arizona Department of Water Resources has previously given Johnson Utilities an Assured Water Designation. In our business, this designation fosters our development effort, eases the development process, and makes our efforts more streamlined owing to our ability to rely on designation from the Department of Water Resources.

2. Based upon our actual experience with Johnson Utilities, we feel secure with its financial strength, resources and commitment to the region. Thus, we feel more secure that Johnson Utilities will be a reliable provider of service in the future.

3. El Dorado Holdings believes that Johnson Utilities and George Johnson have an established and proven ability to run a business well with an eye toward not only the needs of the community but also with an appreciation for his responsibilities for his customers.

4. We understand that H2O will not provide sewer service to the property we seek to develop. This means that our developments would be burdened by the prospect of having to deal with two separate utility companies. Most consumers view water and sewer as two parts of the same process, and the division of these two parts of the development process would be confusing and inefficient. We believe that it would be far more convenient for owners and developers to deal with one company for both water and sewer.

5. We do not believe that H2O has the capacity to meet our needs.

One Gateway Center

426 North 44th Street, Suite 100 • Phoenix, Arizona 85008 • (602) 955-2424 • FAX (602) 955-3543

Chairman Carl Kunasek
October 6, 2000
Page two

We urge you to authorize Johnson Utilities to serve our development.

Sincerely yours,


Mike Ingram

cc: Commissioner Irvin
Commissioner Mundell
Mark DiNunzio
George Johnson

Letter to ACC

From

Petro Schadeberg

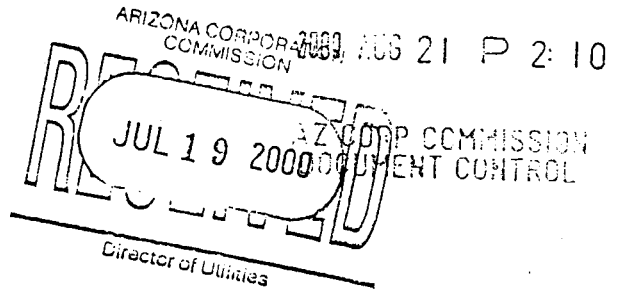
Pantano Development Limited Partnership

W-62234A-00-0371 Jcy 1

SM INVESTMENT, Inc.

Arizona Corporation Commission
Consumer Service Section
1200 West Washington Street
Phoenix, Arizona 85007

USA



RECEIVED

AUG 21 2000

ARIZONA CORP. COMM.
HEARING DIVISION

July 13, 2000
Sc

Dear Sirs,


we were informed by the law offices of Fennemore Craig that H2O, Inc. has filed an Application with the Arizona Corporation Commission for authority for extension of its Certificate of Convenience and Necessity to provide water service.

As one of our properties situated on Schnepf Road / Hash Knife is affected by this application of H2O, Inc. we herewith want to inform you that we object to the application of H2O, Inc. and that we absolutely reject to become a customer of H2O, Inc. We have decided to go with Johnson Utilities for water and sewer services.

Therefore we would like to ask you to take care that our intervention will be taken into account when the Arizona Corporation Commission will decide on the application of H2O, Inc.

If any further information should be required please contact us via fax: 011 49 2732 880 226. Please also inform us on the outcome of the hearing and the consequences thereof for Pantano Development Limited Partnership.

Sincerely,


Pantano Development Limited Partnership
by its General Partner
SM Investment, Inc.
Petra Schadeberg
(Vice President)

Letter to ACC

From

Jim Wales

[Home Place]

June 13, 2000

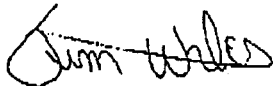
Nancy Cole
Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

Re: Johnson Utilities Company and H2O, Inc. CC&N Applications

Dear Ms. Cole:

I understand both the subject companies have applications pending for the ability to serve water to the property we own in Section 28, Township 2 South, Range 8 East, Pinal County. I wish to make it clear that I am now requesting that only Johnson Utilities Company provide that service, and that water service not be provided by H2O. This is due to the timing for the need of service to the development and the fact that we must have wastewater service as well.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Wales", written over a horizontal line.

Jim Wales

Cc: Mark DiNumzio
Pat Williams
Carl Kunasek
James Irvin
George H. Johnson